

**Jordan, Sheron**

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**From:** Snyder, Diane L  
**Sent:** Monday, August 20, 2007 8:51 AM  
**To:** Jordan, Sheron  
**Subject:** FW: Indiana Credit Union League's Comments on Proposed Changes to 12 CFR Part 701 (Federal Credit Union Bylaws)

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**From:** John McKenzie [mailto:JohnM@icul.org]  
**Sent:** Monday, August 13, 2007 3:47 PM  
**To:** \_Regulatory Comments  
**Subject:** Indiana Credit Union League's Comments on Proposed Changes to 12 CFR Part 701 (Federal Credit Union Bylaws)

August 13, 2007

Ms. Mary Rupp

Secretary to the Board

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

Re: NCUA's Proposed Changes to 12 CFR Part 701-Federal Credit Union Bylaws

Dear Ms. Rupp:

This letter represents the views of the Indiana Credit Union League regarding NCUA's Proposed Changes to 12 CFR Part 701-Federal Credit Union Bylaws. The ICUL represents 190 of Indiana's 211 credit unions with membership totaling more than two million members. We appreciate the opportunity to comment on the proposed regulation.

The proposed rule is to reincorporate the federal credit union bylaws into NCUA rules and regulations. The stated purpose is to give NCUA greater enforcement options in bylaws disputes than those currently

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included in the Federal Credit Union Act. The proposal also adds an additional bylaw that federal credit unions have the option of adopting, which specifically designates the supervisory committee to serve as an interim board in the event that the entire board is removed or unable to perform their duties. Also proposed is an expedited process for NCUA approval of credit union requests to adopt a previously approved non-standard bylaw where the exact same wording is used.

We do not agree with the need to reincorporate the bylaws into NCUA's rules and regulations. It is our position that it is not necessary in order for NCUA to accomplish the objective of having a broader range of enforcement authorities to resolve bylaws disputes. The Federal Credit Union Act gives NCUA the authority to enforce the bylaws. We feel that NCUA has been too restrictive in the interpretation of the enforcement authorities available to them within the scope of the Federal Credit Union Act. We do agree that NCUA needs to clearly state the enforcement authority that is available and under what circumstances NCUA would become involved.

We do support NCUA limiting the bylaw disputes requiring their involvement to those that specifically involve "fundamental, material credit union member rights," and only when the dispute cannot be resolved internally. We believe that with this limitation, NCUA authorities and the procedures for requesting NCUA's involvement in disputes can be addressed as part of the NCUA *Federal Credit Union Bylaws* manual.

We support the proposed new bylaw option establishing the responsibility of the supervisory committee to serve as the acting board of directors in the event the entire existing board is removed or unable to serve. We also agree with the limited authority given to the acting board under this new bylaw option.

We concur with the proposed expedited process for credit unions wishing to adopt a previously approved non-standard bylaw with the exact same wording.

Thank you for the opportunity to comment on these proposed rule changes dealing with the federal credit union bylaws. We appreciate your request for, and consideration of, our views.

Sincerely,

John McKenzie

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President

Indiana Credit Union League